

JUAB COUNTY  
SPECIAL SERVICE DISTRICT #2  
A COMPONENT UNIT OF JUAB COUNTY

**Financial Statements**

December 31, 2005

JUAB COUNTY SPECIAL SERVICE DISTRICT #2  
A COMPONENT UNIT OF JUAB COUNTY  
**Financial Statements**  
Year End December 31, 2005

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis (unaudited)</b>	MDA-1
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements	
Governmental Funds	
Balance Sheet	5
Reconciliation of the Governmental Funds Balance Sheet to	
Government-wide Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of the Statement of Revenues, Expenditures and Changes	
In Fund Balance of Governmental Funds to the Statement of Activities	8
Notes to Financial Statements	9
Required Supplementary Information	
Budgetary Comparison Schedule – All Funds	13
<b>Additional Auditors' Reports</b>	
Report on Internal Control Over Financial Reporting and on Compliance	
And Other Matters Based on an Audit of Financial Statements	
Performed in Accordance With <i>Government Auditing Standards</i>	14
Utah State Compliance Report Based on the Requirements,	
Special Tests, and Provisions Required by the State of	
Utah's Legal Compliance Audit Guide	16



# HAWKINS CLOWARD & SIMISTER

CERTIFIED PUBLIC ACCOUNTANTS, LC

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Juab County Special Service District #2  
A Component Unit of Juab County  
Nephi, Utah

We have audited the accompanying financial statements of the governmental activities and each major fund of Juab County Special Service District #2, a component unit of Juab County, as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Juab County Special Service District #2. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Juab County Special Service District #2 as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 1, 2005, on our consideration of Juab County Special Service District #2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages MDA-1 through MDA-2 and page 13, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Hawkins Cloward & Simister, LC*

HAWKINS CLOWARD & SIMISTER, LC

CERTIFIED PUBLIC ACCOUNTANTS

May 25, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Juab County Special Service District #2 (the District), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005. It is designed to provide an overview of the District's financial activity for this period. It is also intended to assist the reader in focusing on significant financial issues including identifying changes in the District's financial position, identifying any material deviations from the approved budget, and identifying individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the District's letter of transmittal and financial statements which are considered part of this report.

The purpose of the District is to receive mineral lease monies from the State of Utah and expend these funds for specific purposes in accordance with Utah Law and Juab County Ordinances.

### USING THIS REPORT

This report consists of a series of financial statements. The statement of Net Assets and the Statement of Activities (on pages 3 and 4) provide information about the District as a whole, provide information about the activities of District, and present a longer-term view of the finances of the District. These financial statements tell how the activities of the District are financed. The statement of activities by fund provides more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information concerning the District and its activities.

### FINANCIAL HIGHLIGHTS

<u>Item</u>	<u>2005</u>	<u>2004</u>	<u>Difference</u>
Revenue			
Mineral Lease	\$414,941	\$421,554	-\$6,613
Interest	<u>\$10,805</u>	<u>\$7,753</u>	<u>\$3,052</u>
Total revenue	\$425,746	\$429,307	-\$3,561
Expenditures			
Civic improvements	\$407,500	\$145,009	\$262,491
Civic improvement administration	<u>\$3,830</u>	<u>\$4,015</u>	<u>-\$185</u>
Total	\$411,330	\$149,024	\$262,306
Assets			
Cash	\$1,569,287	\$1,358,254	\$211,033
Mineral lease receivable-		\$83,387	-\$83,387
Due from Juab County		<u>\$18,360</u>	<u>-\$18,360</u>
Total assets	\$1,569,287	\$1,460,001	\$109,286
Liabilities	\$95,690	\$820	\$94,870
Total net assets	\$1,473,597	\$1,459,181	\$14,416

## REPORTING THE DISTRICT AS A WHOLE

The District receives revenues from two sources: mineral lease payment from the State of Utah and small interest payments on fund balances.

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The District has only 2 funds: the Capital Projects Fund and the General Fund. The general fund is managed carefully to insure compliance with proper fund balances. The Capital Projects fund is where most of the District activity occurs. Activity in this fund includes such activities as fairground improvements, County Fair expenses, recreation projects, health and safety projects, and special projects.

## FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

Juab County Special Service District #2 is in excellent financial condition. The governing board actively participates in the operation of the District to insure that adequate controls are in place to secure the long term viability of and continued financial health of the District.

## BUDGETARY HIGHLIGHTS

Expenditures for 2005 increased by \$262,306 over 2004. This increase was the result of projects postponed from 2004 being completed in 2005 and additional needs that were identified by the board.

## CAPITAL ASSET AND DEBT ADMINISTRATION

The District owns no tangible assets and has no debt other than the small accounts payable identified above.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

2005 brought continued interest in oil and gas exploration in Central Utah, including Juab County. This activity could have a significant impact on mineral lease revenues which could have an impact on the District's future revenues. Any impact from this activity and exploration will show up in future years beyond the next year's budget.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or request for additional financial information should be addressed to: Jean Bowles, Juab Special Service District #2, 160 N Main, Nephi, UT 84648.

**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**

**A COMPONENT UNIT OF JUAB COUNTY**

**Government-wide Statement of Net Assets**

December 31, 2005

With Comparative Totals for December 31, 2004

	Governmental Activities	Memorandum Only 2004
<b>ASSETS</b>		
Cash (Note 2)	\$ 1,565,283	\$ 1,358,254
Mineral lease receivable		83,387
Due from Juab County		18,360
Total assets	<u>\$ 1,565,283</u>	<u>\$ 1,460,001</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 690	\$ 820
Due to Juab County	95,000	
Total liabilities	<u>\$ 95,690</u>	<u>\$ 820</u>
<b>NET ASSETS</b>		
Restricted (Note 3)	\$ 1,473,597	\$ 1,459,181
Total net assets	<u>\$ 1,473,597</u>	<u>\$ 1,459,181</u>

**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**

A COMPONENT UNIT OF JUAB COUNTY

**Government-wide Statement of Activities**

For the Year Ended December 31, 2005

<u>Program Activities</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue and Changes in Net Assets Governmental Activities</u>
<b>Government Activities</b>				
Civic improvements/administration	\$ 3,830	\$ 5,000		\$ 1,170
Civic improvements/projects	407,500		\$ 409,941	2,441
Total governmental activities	<u>\$ 411,330</u>	<u>\$ 5,000</u>	<u>\$ 409,941</u>	<u>3,611</u>
<b>General revenues</b>				
Investment earnings				10,805
Total general revenues				<u>10,805</u>
Change in net assets				14,416
Net assets - beginning				<u>1,459,181</u>
Net assets - ending				<u>\$ 1,473,597</u>



**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**

A COMPONENT UNIT OF JUAB COUNTY

**GOVERNMENTAL FUNDS****Balance Sheet**

December 31, 2005

With Comparative Totals for December 31, 2004

	General Fund	Capital Projects Fund	Total Governmental Funds	Memorandum Only 2004
<b>ASSETS</b>				
Cash (Note 2)	\$ 4,004	\$ 1,565,283	\$ 1,569,287	\$ 1,358,254
Mineral lease receivable				83,387
Due from Juab County				18,360
Total assets	<u>\$ 4,004</u>	<u>\$ 1,565,283</u>	<u>\$ 1,569,287</u>	<u>\$ 1,460,001</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 690		\$ 690	\$ 820
Due to Juab County		\$ 95,000	95,000	
Total liabilities	<u>690</u>	<u>95,000</u>	<u>95,690</u>	<u>820</u>
<b>Fund Equity</b>				
Reserved fund balance (Note 3)	<u>3,314</u>	<u>\$ 1,470,283</u>	<u>1,473,597</u>	<u>1,459,181</u>
Total liabilities and fund equity	<u>\$ 4,004</u>	<u>\$ 1,565,283</u>	<u>\$ 1,569,287</u>	<u>\$ 1,460,001</u>

**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**  
**A COMPONENT UNIT OF JUAB COUNTY**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to Statement of Net Assets**  
December 31, 2005

Total fund balance - total governmental funds	\$ 1,473,597
Amounts reported for governmental activities in the Statement of Net Assets are not different.	
Net assets of governmental activities	<u>\$ 1,473,597</u>

**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**  
**A COMPONENT UNIT OF JUAB COUNTY**  
**GOVERNMENTAL FUNDS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**for the Year Ended December 31, 2005**  
**With Comparative Totals for the Year Ended December 31, 2004**

	General Fund	Capital Projects Fund	Total Governmental Funds	Memorandum Only 2004
<b>Revenues</b>				
Mineral lease distributions	\$ 5,000	\$ 409,941	\$ 414,941	\$ 421,554
Interest	29	10,776	10,805	7,753
Total revenues	5,029	420,717	425,746	429,307
<b>Expenditures</b>				
Administration and projects	3,830	407,500	411,330	149,024
Excess of revenues over expenditures	1,199	13,217	14,416	280,283
<b>Other Financing Sources (Uses)</b>				
Operating transfer to capital projects fund	(600)		(600)	(3,500)
Operating transfer from general fund		600	600	3,500
Excess of revenues and other financing sources over expenditures and other financing uses	599	13,817	14,416	280,283
Fund balance at beginning of year	2,715	1,456,466	1,459,181	1,178,898
Fund balance at end of year	<u>\$ 3,314</u>	<u>\$ 1,470,283</u>	<u>\$ 1,473,597</u>	<u>\$ 1,459,181</u>

**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**  
**A COMPONENT UNIT OF JUAB COUNTY**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2005**

Net change in fund balances - total governmental funds	\$ 14,416
Amounts reported for governmental activities in the Statement of Activities are not different.	
Change in net assets of governmental activities	<u>\$ 14,416</u>

**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**  
**A COMPONENT UNIT OF JUAB COUNTY**  
**Financial Statements**  
Year End December 31, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Juab County Special Service District #2 (the District) conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

**Basis of Presentation**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of the given programs are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements. The District has no non-major funds.

Governmental funds are those funds through which most of the governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

*General Fund*

The General Fund is the main administrative fund of the District. This fund is used to account for all financial resources not accounted for in the Capital Projects Fund. Interest revenue on General Fund monies and sufficient budgeted mineral lease revenues to cover administrative expenses are accounted for in this fund. General administrative costs are paid from the General Fund.

*Capital Projects Fund*

The Capital Projects Fund is used to account for funds received and expended for the acquisition or construction of capital facilities, improvements, equipment, and other qualifying projects.

**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**  
**A COMPONENT UNIT OF JUAB COUNTY**  
**Financial Statements**  
**Year End December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the balance sheet and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers amounts collected within 60 days after year end to be available. Expenditures are recorded when the related fund liability is incurred.

**Component unit**

Under the guidelines established by GASB, the District has been determined to be a component unit of Juab County for financial reporting purposes and is included as a discrete component unit in the County's financial statements. The District was created December 5, 1988 for the purpose of major capital improvement on the Juab County road system, and related costs such as bridge installation and existing heavy asphalt resurfacing. In 1995 its purpose was expanded to include acquisition and development of recreational property. Its purposes were later expanded to include any legal purpose for which such districts may be created.

**Budget Amendments**

As budget amendments become necessary, they are done by resolution of the Board. If the total budgeted expenditures of any budgetary fund are to be increased as a result of the amendments, a public hearing is held, after appropriate public notice is given, prior to the amendments being made. No budget amendments were necessary in 2005.

JUAB COUNTY SPECIAL SERVICE DISTRICT #2  
A COMPONENT UNIT OF JUAB COUNTY  
Financial Statements  
Year End December 31, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District first utilizes restricted resources to finance qualifying activities.

**NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS**

Deposits and investments for the District are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the District's exposure to various risks related to its cash management activities.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered. The County's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the County to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk of investments.

The District is not exposed any significant credit or interest rate risk.

The following is a summary of the insured and uninsured deposits in financial institutions as of December 31, 2005.

Deposits held by banks	<u>\$ 1,565,283</u>
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The bank balance at December 31, 2005 of the above deposits held by banks was \$1,565,283. Of the bank balance, \$100,000 was covered by federal depository insurance. The remaining balance of \$1,465,283 was uninsured and uncollateralized. Deposits are not required to be collateralized by state statute.

**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**  
**A COMPONENT UNIT OF JUAB COUNTY**  
**Financial Statements**  
**Year End December 31, 2005**

**NOTE 3 - RESERVED FUND BALANCE**

Reserves are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. The fund balances of both the General Fund and the Capital Projects Fund are reserved for the legal purposes for which the District was created.

**NOTE 4 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omissions; injuries to the public, or damage to property of others. The District has purchased commercial insurance with respect to the above risks.

**NOTE 5 - TOTALS (MEMORANDUM ONLY) COLUMNS**

Amounts for the year ended December 31, 2004 are shown for comparison only.

**NOTE 6 - ECONOMIC DEPENDENCY**

The District is economically dependent on the continued receipt of funding, through the State of Utah, from mineral lease monies.



**JUAB COUNTY SPECIAL SERVICE DISTRICT #2**  
**A COMPONENT UNIT OF JUAB COUNTY**  
**GOVERNMENTAL FUNDS**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - All Funds**  
**For the Year Ended December 31, 2005**

	GENERAL FUND				CAPITAL PROJECTS FUND			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final			Original	Final		
<b>Revenues</b>								
Mineral lease distributions	\$ 5,000	\$ 5,000	\$ 5,000		\$ 450,000	\$ 450,000	\$ 409,941	\$ (40,059)
Interest income	20	29	29	\$ -	8,000	8,000	10,776	2,776
Total revenues	5,020	5,029	5,029	-	458,000	458,000	420,717	(37,283)
<b>Expenditures</b>								
Administration and projects	4,800	4,800	3,830	970	860,000	860,000	407,500	452,500
Excess (Deficiency) of revenues over expenditures	220	229	1,199	970	(402,000)	(402,000)	13,217	415,217
<b>Other Financing Sources (Uses)</b>								
Operating transfer in					600	600	600	
Operating transfer out	(600)	(600)	(600)					
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(380)	(371)	599	\$ 970	(401,400)	(401,400)	13,817	\$ 415,217
<b>Fund balance at beginning of year</b>	2,715	2,715	2,715		1,456,466	1,456,466	1,456,466	
<b>Fund balance at end of year</b>	\$ 2,335	\$ 2,344	\$ 3,314		\$ 1,055,066	\$ 1,055,066	\$ 1,470,283	\$ 415,217



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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Juab County Special Service District #2  
A Component Unit of Juab County  
Nephi, Utah

We have audited the financial statements of the governmental activities and each major fund of Juab County Special Service District #2 (the District), as of and for the year ended December 31, 2005, which collectively comprise Juab County Special Service District #2's basic financial statements and have issued our report thereon dated May 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Juab County Special Service District #2's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance which are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, funding agencies and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Hawkins Cloward & Simister, LC*  
HAWKINS CLOWARD & SIMISTER, LC

CERTIFIED PUBLIC ACCOUNTANTS

May 25, 2006



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## UTAH STATE COMPLIANCE REPORT BASED ON THE REQUIREMENTS, SPECIAL TESTS, AND PROVISIONS REQUIRED BY THE STATE OF UTAH'S LEGAL COMPLIANCE AUDIT GUIDE

Board of Directors  
Juab County Special Service District #2  
A component unit of Juab County  
Nephi, Utah

We have audited the accompanying financial statements of the governmental activities and each major fund of Juab County Special Service District #2 (the District), as of and for the year ended December 31, 2005, and have issued our report thereon dated May 25, 2006. As part of our audit, we have audited Juab County Special Service District #2's compliance with the requirements governing types of services allowed or unallowed, and eligibility applicable to its major State assistance program as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2005. The District received the following major assistance program from the State of Utah:

Mineral Lease Distribution to County Special Service Districts (DOT, Administration)

Our audit also included test work on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Special Districts
- Other Compliance Issues

The management of Juab County Special Service District #2 is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit disclosed an immaterial instance of noncompliance with above referenced requirements.

### **CURRENT YEAR FINDING**

1. Finding: Excess general fund balance

State law requires that the fund balance in the general fund cannot exceed an amount determined based on the fund's revenues. The general fund balance exceeded the maximum allowed by \$714.

Recommendation: The District should amend the 2006 budget to include the excess fund balance in the revenue sources for 2006, and transfer any general fund balance, in excess of the amount allowed, to the capital projects fund.

District's Response: We concur with the finding and will make the necessary amendment to the 2006 budget.

In our opinion, Juab County Special Service District #2, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed, and eligibility that are applicable to its major State assistance program for the year ended December 31, 2005.



HAWKINS CLOWARD & SIMISTER, LC  
CERTIFIED PUBLIC ACCOUNTANTS

May 25, 2006